

## MACRO-ECONOMIC IMPACTS OF BIOFUEL POWER PROJECTS

By Michael G. Hart, President Sierra Industrial Group, LLC

The CCPCFA proposes the purchase of 250 Megawatts of Bio-fueled projects in the State of California in their Draft Energy Resource Investment Plan. Of the planned 8,000 Megawatts of power projected in the plan there are an estimated 8,971 jobs created. Overall, this means that they will create, on average, 1.1 jobs for each Megawatt of new facilities developed. This means that the Biofuel projects are anticipated to create roughly 275 jobs.

Biofuel projects have an additional incentive from a macro-economic perspective. The creation of jobs to support this new industry could have a significant economic impact on California. The development of all 250 Megawatts of capacity, being utilized the full 1,000 hours per year would consume 17.8 Million gallons of Biodiesel each year (Reference: World Energy and Biodiesel Institute).

This level of consumption would allow for the creation of an appropriately sized facility in Oakdale, California (Stanislaus County). This facility has already been planned and would have the capacity of up to 20 Million gallons a year in its initial stage. This is planned to be in full operation by Year Two.

The feedstock for this facility will be soybeans, canola or mustard seed depending on farm contracts. Based on soybean data (other crops are expected to have similar results), this 17.8 million gallon requirement will utilize 12.3 million bushels of soybeans. Based on average crop yields, this will create the opportunity for California farmers to place 352,505 acres into production (Based on University of Illinois Study on Crop Yield and Labor Statistics). Given current gluts of cotton, rice, sugar beets and tomatoes, this would be a boon to hard-pressed California farmers.

- The average farm is approximately 400 acres so this will mean that **881 farmers** will find work as a result of this project (USDA Farm Survey Data).
- The average soybean crop requires roughly 1 man-day per acre per crop (University of Illinois). This would result in **1,763 farm jobs** created to support this crop (based on 40 week season).
- The average number of support jobs range from .2 to .5 per direct laborer. This includes outside contractors for spraying, seeding, harvesting, grading and mechanical support. Using the low-end of this range, .2 this means that an additional **529 direct jobs** would be created.
- The Biofuel facility is anticipated to create roughly **20 full-time positions** and should also provide a significant number of transportation jobs both for truckers and railroad workers.

The total jobs created, including the plant, farmers, laborers and outside contractors would be **3,193 new or retained jobs**. This is an average of 12.8 jobs for each Megawatt of power developed. This is in addition to the average 1.1 jobs already counted in the Power Authority projections. 250 Megawatts of Biofuel Projects means:

<b>352,505</b>	<b>acres of new or retained farm production</b>
<b>3,193</b>	<b>jobs created or retained</b>
<b>13.9</b>	<b>jobs created or retained <u>per Megawatt</u> of Biofuel Projects</b>